

REGULATION

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Subject: ELECTRONIC FUNDS TRANSFER			

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1. **PURPOSE**

This regulation establishes standards and guidelines for the payment of salary or wages to employees hired after October 1, 2002.

2. **CIVIL SERVICE COMMISSION RULE REFERENCE**

Rule 2-1 Terms of Employment

2-1.1 Career Appointment

An indefinite appointment expected to last the equivalent of 90 full-time workdays or more in a calendar year is career employment. A limited-term appointment expected to last the equivalent of 90 full-time workdays or more in a calendar year is considered as career employment for all benefit purposes except as otherwise provided in the rules or regulations.

2-1.2 Noncareer Appointment

- (a) **Defined.** *An appointment expected to last less than the equivalent of 90 full-time workdays in a calendar year is a noncareer appointment.*
- (b) **Student and special noncareer classifications authorized.** *The state personnel director may issue regulations to permit noncareer employment exceeding the equivalent of 89 full-time workdays in a calendar year, without fringe benefits, for designated student and special classifications.*

Rule 2-6 Discipline**2-6.1 Discipline**

- (a) **Authorized.** *An appointing authority may discipline a classified employee for just cause.*
- (b) **Just cause.** *Just cause includes, but is not limited to, the following:*
- (1) *Failure to carry out the duties and obligations imposed by the employer, a departmental work rule, or law, including the civil service rules and regulations.*

- (c) **Forms of discipline.** *Permissible discipline includes, but is not limited to, the following:*
- (1) *An unsatisfactory probationary rating, an interim rating, or an unsatisfactory follow-up rating.*
 - (2) *A written reprimand.*
 - (3) *Reduction in pay.*
 - (4) *Suspension without pay.*
 - (5) *Demotion.*
 - (6) *Dismissal from the classified service.*

Rule 5-15 Electronic Funds Transfer

The salary or wages of an employee hired after October 1, 2002, shall be paid by means of an electronic funds transfer (EFT) into an account at a financial institution designated by the employee. The appointing authority may waive the requirement of payment by an EFT if payment by an EFT causes an undue hardship for the employee.

3. **DEFINITIONS**

A. Civil Service Commission Rule Definitions

1. ***Career appointment** means an appointment to a classified position that is expected to last the equivalent of 90 full-time workdays or more. A career appointment may be an indefinite appointment or a limited-term appointment.*
2. ***Employee** means a classified employee of the state of Michigan over which the civil service commission has jurisdiction under the constitution.*
3. ***Hire** means the initial appointment to the state classified service authorized by the department of civil service.*
4. ***Limited-term appointment** means a career appointment that has a fixed ending date at the time of appointment.*
5. ***Noncareer appointment** means an appointment to a classified position that is expected to last less than the equivalent of 90 full-time workdays in a calendar year.*
6. ***Special personal services employee** means a contractor who is an employee of a state agency and who is not a classified employee, an exempt employee, or an excepted employee.*

4. **STANDARDS**

A. Payment.

1. Net salary or wages shall be directly deposited via electronic funds transfer (EFT).
2. The appointing authority shall inform all newly hired employees that direct deposit via EFT is mandatory and a continuing condition of employment.
3. The appointing authority shall provide all newly hired employees with necessary information and requisite paper form or on-line application.
4. The employee shall designate the financial institution routing number and account number to which the employee's net payment will be deposited.

Note: Under Section 13 (1) of the Freedom of Information Act, these records are personal in nature and exempt from disclosure. The appointing authority shall not disseminate this information pursuant to any written or oral request without written authorization of the employee.

5. The employee shall either complete the on-line direct deposit application or return the completed paper form to the appointing authority prior to the end of the first pay period in which the employee is hired.
6. The appointing authority shall verify the on-line application process or process the necessary information from the paper form into the Human Resource Management Network (HRMN) within the first pay period of the employee's hire date.

B. Effective Date.

The direct deposit of the employee's net pay via EFT begins with the second payday following the employee's date of hire.

C. Exceptions.

1. The appointing authority may waive the requirement of direct deposit payment via EFT for the following reasons:
 - a. If it causes an undue hardship to the employee, including, for example, a physical or mental disability; geographic, language, or literacy barrier; or financial hardship.
 - b. If an employee is hired for a position expected to last less than a four-week period.
2. An employee seeking to waive direct deposit payment via EFT must submit a written request to the appointing authority.
3. The appointing authority must provide a written response to an employee seeking to waive direct deposit payment via EFT.
4. The appointing authority shall retain waiver documentation in the personnel file.
5. Exceptions are subject to Department of Civil Service audit.

D. Compliance.

1. Any employee hired after October 1, 2002, must complete an on-line direct deposit application through self-service access in the Human Resource Management Network, or submit the requisite paper form or request for waiver to the appointing authority prior to the end of the pay period in which the employee is hired.
2. The appointing authority shall notify any employee who fails to comply with D.1. (above) that failure to do so by the end of the first full pay period following the date of notification will result in separation for just cause as provided in civil service rule 2-6 [Discipline].
3. The appointing authority shall notify any employee, hired after October 1, 2002, who cancels an EFT that failure to reapply either on-line or by

submitting a direct deposit form, or request seeking to waive direct deposit payment via EFT by the end of the first full pay period following the date of notification will result in discipline, up to and including separation as stated above in D.2.

4. EFT records are subject to Department of Civil Service audit.

5. **PROCEDURE**

Responsibility	Action
Appointing Authority	1. Informs employee of mandatory EFT and provides employee with on-line application or paper form.
Employee	2. Completes on-line direct deposit application or submits paper form. May submit written request for waiver.
Appointing Authority	3. Verifies that on-line application has been completed or enters necessary information in the Human Resource Management Network (HRMN), or approves request for waiver. Provides written response for waiver requests.
	4. Provide written notice to an employee who does not comply with Standard D.1. that failure to do so will result in the employee's separation.
	5. In the event of an EFT cancellation, provides written notice to the employee that failure to reapply by on-line application, submission of the paper form, or written request for waiver will result in discipline, up to and including separation.
	6. If necessary, process separation in the Human Resource Management Network (HRMN).
	7. Retains documentation in the personnel file.
Department of Civil Service	8. Conducts audit of EFT records.

CONTACT

Questions regarding this regulation should be directed to the Department of Civil Service, P.O. Box 30002, 400 South Pine Street, Lansing, Michigan 48909; by telephone, at 517-335-7862 or 517-373-7618; or by e-mail to MDCS-BHRS@michigan.gov. Questions regarding use of HRMN self-service access should be directed to Leonard Sawisch, Human Resource Management Network, at 335-1813.

NOTE: Regulations are issued by the State Personnel Director, under authority granted in the *State of Michigan Constitution* and the *Michigan Civil Service Commission Rules*. Regulations that implement Commission Rules are subordinate to those Rules.